

Message Text

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ACTION AID-59

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FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 2215

C O N F I D E N T I A L AMMAN 4810

E.O. 11652: GDS

SUBJ: FY 1976 PROGRAM BUDGET SUBMISSION

REF: STATE 179242

1. THE MISSION SET FORTH THE BASIC POLITICAL REATIONALE OF

OUR MILITARY AND ECONOMIC ASSISTANCE PROGRAMS TO JORDAN IN AMMAN 3803. ON JLLY 1 1974 THE MESSAGE INCLUDES A SUMMARY OF OUR ANALYSIS OF JORDAN'S GROWTH, SAVINGS AND INVESTMENT, BUDGET AND BALANCE OF PAYMENTS PERFORMANCE IN COMING YEARS, AND THE IMPLICATIONS OF THESE PROJECTIONS FOR U.S. ASSISTANCE. AS SUCH, IT PROVIDES THE BACKGROUND AND FRAMEWORK FOR THE FY 1976 SUBMISSION POUCHED AUG 14.

2. AS DISCUSSED IN THESE MESSAGES, THE LEVEL OF OUR ASSISTANCE TO JORDAN IN THE NEXT FEW YEARS WILL BE CHIEFLY A FUNCTION OF SHORT RUN US POLITICAL OBJECTIVES. THE PACE AT WHICH WE CAN SHIFT FROM BUDGET SUPPORT TO A PROGRAM OF ECONOMIC DEVELOPMENT ALSO DEPENDS UPON THE RESULTS OF THE CURRENT MID-EAST NEGOTIATIONS. BASED UPON THE "MEDIAN" POLITICAL, MILITARY, AND ECONOMIC ASSUMPTIONS AS DESCRIBED IN AMMAN 3803 -- NO DRAMATIC CHANGE IN THE CURRENT CEASEFIRE SITUATION FOR THE NEXT COUPLE OF YEARS -- WE RECOMMEND \$60 MILLION IN SA FOR BUDGET SUPPORT IN FY 76 AND \$55 MILLION AND \$50 MILLION FOR FY 1977 AND FY 1978 RESPECTIVELY. TO OFFSET THIS DECLINE IN SA WE

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PROPOSE \$10 MILLION IN DEVELOPMENT LENDING IN FY 1976, \$15 MILLION IN FY 1977 AND \$20 MILLION IN FY 1978. WE ALSO FORE-

SEE A NEED FOR PERHAPS 30,000 TONS OF TITLE I WHEAT, AND SOME INCREASE IN TITLE II AND TECHNICAL ASSISTANCE DURING THIS PLANNING PERIOD.

3. CONSISTENT WITH THE FY 1975 CONGRESSIONAL PRESENTATION, OUR SUBMISSION PROPOSES \$77.5 MILLION IN SA FOR 1975. HOWEVER, THE US INFORMED THE GOJ THAT IT WOULD ATTEMPT TO ADD \$10 MILLION TO THIS LEVEL AS A RESULT OF OUR INABILITY TO CONTRIBUTE THAT AMOUNT TOWARD THE END OF FY 1974. AS A RESULT, THE GOJ CURRENTLY PLANS, AND IS NEGOTIATING ON THE BASIS OF \$87.5 MILLION IN SUP-PORTING ASSISTANCE DURING FY 1975. UNTIL CONGRESS ACTS ON THIS YEAR'S REQUEST, THE FINAL FIGURE FOR JORDAN WILL BE IN QUESTION. BASED ON DISCUSSIONS WITH THE GOJ, WE RECOMMEND PLANNING BASED ON MAKING \$60 MILLION AVAILABLE DURING THE FIRST HALF OF FY 1975, AND PROGRAMMING THE BALANCE WHEN THE FIGURE IS KNOWN. WE RECOMMEND THAT \$50 MILLION OF THE \$60 MILLION PROPOSED FOR FY 1976 BE MADE AVAILABLE BEFORE THE END OF CY 1975.

4. WE HOPE CIRCUMSTANCES WILL PERMIT A GRADUAL DECLINE IN THE NEED FOR BUDGET SUPPORT AND, ACCORDINGLY, HAVE PROPOSED FY 1976 LEVEL OF \$60 MILLION, \$55 MILLION IN FY 1977 AND \$50 MILLION IN FY 1978, WITH CORRESPONDING INCREASES IN DL FUNDS. MAINT-AINING THE OVERALL LEVEL OF BOTH CATEGORIES AT \$70 MILLION--AS JUSTIFIED BY OUR ECONOMIC ANALYSIS--SHOULD FACILITATE OUR EFFORTS TO INCREASE THE DEVELOPMENTAL EMPHASIS OF THE PROGRAM. THE USE OF DL AS OPPOSED TO SA FINANCING OF FUTURE LOANS IS RECOMMENDED SINCE THE GOJ KNOWS THAT SA GENERALLY IS PROVIDED ON A GRANT BASIS AND CONSEQUENTLY TENDS TO EQUATE SA FUNDS WITH BUDGET SUPPORT TO THE CURRENT YEAR'S BUDGET. IF A WAY COULD BE FOUND TO FINANCE SPECIFIC ITEMS IN PART I OF THEIR BUDGET, SA LENDING MIGHT BE FEASIBLE. WE INTEND TO EXPLORE THIS APPROACH MORE CAREFULLY.

SUMMARY OF COMMITMENTS BY APPROPRIATION CATEGORY:
(\$ THOUSANDS)

	FY74	FY75	FY76	FY77	FY78
ACTUAL					
ESTIMATE					
REQUEST					
PROJECTION					
PROJECTION					

I. FUNCTIONAL
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DEVELOPMENT

APPROPRIATIONS	8,205	1,420	11,680	16,240	20,700
GRANTS	805	1,420	1,680	1,240	700
LOANS	7,400	-	10,000	15,000	20,000
A. FOOD PRODUCTION AND					
NUTRITION	4,724	705	5,700	7,890	10,200
GRANTS	224	705	700	390	200
LOANS	4,500	-	5,000	7,500	10,000
B. EDUCATION AND HUMAN					
RESOURCES	300	300	300	300	250

GRANTS	300	300	300	300	250
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C. SELECTED DEVELOPMENT

PROBLEMS	3,181	415	5,680	8,050	10,250
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GRANTS	281	415	680	550	250
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LOANS	2,900	-	5,000	7,500	10,000
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II. OTHER

APPROPRIATIONS	45,000	77,500	60,000	55,000	50,000
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SECURITY

SUPPORTING

ASSISTANCE

BUDGET

SUPPORT	45,000	67,500	60,000	55,000	50,000
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LOANS	21	10,000	-	-	-
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III. OTHER COMM-

ITMENTS	7,000	3,200	4,500	6,600	6,600
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HIG'S	-	-	-	-	-
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PL 480 TITLE I

SHIPMENTS	6,700	2,700	4,100	6,000	6,000
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PL 480 TITLE II

SHIPMENTS	300	500	400	600	600
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TOTAL COMMIT-

MENTS	60,205	82,120	76,180	77,840	77,300
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